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FOR IMMEDIATE RELEASE

Henkel announces help for local taxpayers

Marion County homeowners who are unable to pay the full amount of property tax due Friday will be able to do so in installments without penalty, Beth Henkel, commissioner of the state Department of Local Government Finance, said today.

Marion County may extend Friday's deadline for tax payments to Wednesday, Sept. 3. With this extension, Marion County taxpayers who are unable to pay the full amount of tax due will have time to make arrangements to pay the tax. The county may also waive late fees for homeowners, Henkel said.

The measures, which come two weeks after assistance was provided to Monroe County, should help ease concerns that have arisen among some Marion County taxpayers as a result of the recent court-ordered reassessment of property. The court ordered the state to move to a fairer system, and that has resulted in a shift of tax burden from businesses to homeowners.

Meanwhile, Governor Frank O'Bannon has directed Henkel and State Budget Director Marilyn Schultz to study how the reassessment is going statewide to determine if broader action is warranted.

"We knew that the reassessment would bring about dramatic change," Henkel said. "That's why Governor O'Bannon and the General Assembly, as part of the tax system restructuring they accomplished last year, invested \$1 billion in property tax relief. Without that relief, property taxes would be higher for homeowners.

"But we also knew that some circumstances might arise during reassessment that no one could anticipate. So we'll listen, we'll look carefully at data from across the state and we'll remain flexible in dealing with these unexpected property tax issues."

Henkel will apprise the Indiana Tax Court of these measures as part of her regular reports to the court on the progress of reassessment.

Revenue from property taxes is used to support a wide array of local services, including public schools, police and fire protection and libraries. The state's connection to property taxes is generally limited to oversight. But when the General Assembly has, over the years, determined that it wanted to reduce property taxes, it has had to replace revenue lost to local units of government.

With changes made in 2002, the state now pays, for example, 85 percent of the operating costs of schools.

Henkel said she has been working with county officials and Indianapolis Mayor Bart Peterson's office to determine what can be done to provide some relief for homeowners suffering shock from higher tax bills. The mayor, as well as county Auditor Marty Womacks and Treasurer Greg Jordan, have asked the governor to take steps, including a special session of the legislature.

However, it is premature to suggest that a statewide solution is needed when it is not clear that a statewide problem exists, Henkel said.

The mayor also asked the governor to allow people to file late for a homestead credit. That option will be explored further, she said.

Henkel said that homeowners have a role to play in this matter – just as they always have. If a homeowner believes his or her reassessment is too high – that is, the assessment values the property at more than the homeowner could realize if the property were sold – he or she should appeal the assessment, she said.

She urged that township assessors to work diligently with homeowners who have concerns, to help them file and to resolve appeals expeditiously.

The department worked with Monroe County to fix a \$370 million error in assessed values, a mistake that would have cost local governments, including schools, more than \$8 million this year. Nine counties have completed their reassessments; the department remains committed to assisting any county that experiences problems.